Business Processes Guidebook

Module 1

Integrated Management System

MODULE 1: INTEGRATED MANAGEMENT SYSTEM
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INTRODUCTION

Module Overview

The Defense Contract Management Command (DCMC) has initiated a policy to manage its business processes using an integrated system that is outcome-oriented and performance-based. This course module introduces you to that system--DCMC's Integrated Management System (IMS). The module also presents an overview of the key processes comprising the IMS--Planning, Programming, Resourcing and Budgeting, Execution, and Assessment and Feedback--and identifies the relationships among these key processes.

This module is intended to provide you with a broad understanding of the IMS. You can find more details on the Planning, Resourcing and Budgeting, and Assessment and Feedback processes in the separate training modules included in this guidebook. Since Programming is primarily a DCMC Headquarters process and Execution is the ongoing activity of implementing the various processes, separate training modules have not been developed for Programming and Execution.

Why an IMS?

You are probably asking yourself, "So why does DCMC have an IMS and why is it important to me?" Well, the overarching answer is dwindling Federal government dollars. Waste and inefficiency in the management of Federal programs undermine the confidence of the American people in the government and reduce the government's ability to address adequately vital public needs. In light of the ever-growing Federal deficit, the taxpayers of this country are demanding accountability on the part of the government for the dollars it spends. Government organizations that are unable or unwilling to account for the money they spend and the results they achieve will be in jeopardy of losing resources. The bottom line is that the loss of resources translates to the loss of Federal jobs.

What is GPRA?

A key piece of legislation drives the need for DCMC to implement an IMS--the Government Performance and Results Act of 1993 (GPRA). GPRA is a Federal statute that requires manager accountability for the resources received--holding the organization's managers accountable for achieving outcomes for the resources they've been given, not just for expending the resources. This is a major change in the government's business methodology. GPRA requires all Federal agencies to develop Strategic Plans and Performance Plans and to establish a measurement and review process.

The Purpose of GPRA

The purpose of GPRA is to cause us to rethink the work that we do and why we do it. Specifically, you should ask yourself the following questions:

- Why do I do what I do?

- Would anybody care if I stopped doing it?

- Am I (as a government employee) the best person to do it?

- Am I doing the work in the most efficient way possible?

Revolution in Business Affairs

The Revolution in Business Affairs is another external environmental factor that's driving changes in the way DCMC manages its business processes. The Revolution in Business Affairs was introduced by the Under Secretary of Defense (Acquisition and Technology) to ensure that the Department of Defense (DoD) is able to balance its available resources against the need to modernize its forces.

The key reengineering initiatives of the Revolution in Business Affairs are:

- Shortening cycle times,

- Enhancing program stability,

- Conserving scarce resources,

- Ensuring that acquired capabilities support mission outcomes,

- Ensuring that critical infrastructures deliver the right services to the right users at the right time,

- Increasing efficiencies, and

- Ensuring management focus on core competencies while freeing resources for investment in high-priority areas.

IMS OVERVIEW

Integrated Management System (IMS)

- Planning
- Resourcing and Budgeting
- Programming
- Execution, Assessment, and Feedback
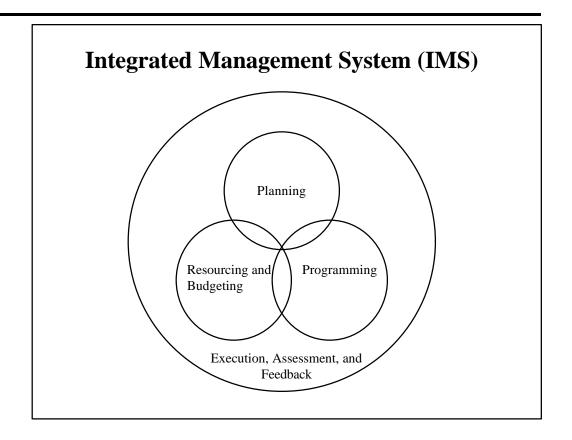
Exhibit 1.1 DCMC Integrated Management System (IMS)

What is the IMS? The IMS, as the name suggests, isn't one thing. It's a composite of many processes already in place at all DCMC organizations. What's new is how to make them work together without expending additional resources. The IMS is comprised of five distinct, but interrelated, processes--Planning, Programming, Resourcing and Budgeting, Execution, and Assessment and Feedback. As the primary tool for managing DCMC's business processes, the IMS links and integrates these processes so that they feed and support one another. The objective of this training module is to describe the IMS and the relationships among these key business processes.

PPBS and its Relationship to IMS

The DCMC IMS is driven by and supports the DoD Planning, Programming, and Budgeting System (PPBS). The DoD PPBS sets forth required due dates for many key deliverables including the Business Plan, the Program Objectives Memorandum (POM), and the President's Budget submission.

- Planning in the PPBS reviews the infrastructure requirements needed to support the military forces in executing the approved strategy.

- During the Programming phase, the DoD components match available resources against requirements. The POM, the cornerstone of the Programming phase, addresses policies and guidance issued during the Planning phase and translates the guidance into dollars, forces, and manpower for the next five years.

- During Budgeting, DoD components translate the first two years of the approved POM into budgets. Budgeting involves budget formulation and budget execution.

The purpose of budget formulation, which identifies operating costs in detail via the President's Budget process, is to obtain and justify resources from Congress for executing programs. Budget execution is the allocation, obligation, expenditure, and reporting of financial resources to accomplish DoD operations.

Timeline

The following timeline chart (Exhibit 1.2) depicts the major milestones of the IMS. Specifically, it outlines the key events that occur during the fiscal year in Planning, Programming, and Resourcing and Budgeting, and illustrates the continuous nature of both Execution and Assessment and Feedback. The timeline also delineates events by organization to provide a global perspective on both the activities being undertaken and the key players involved in each activity.

KEY

Resourcing & Budgeting

Programming

Planning

Execution, Assessment, & Feedback

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	

DCMC HQ

FADs adjusted for Congressional marks

Strategic direction issued

Business Baseline briefed

FTE allocation/ funding targets developed

Business Plan developed

Budgets/Business Cases developed

Program Proposal briefed

Performance Plans developed

POM to OSD

Budget negotiations conducted

PDMs issued

Draft FADs provided to Districts

ASA submitted

DISTRICT

Budgets/Business Cases developed

Performance Plans developed

ASA submitted

CAO

Budgets/Business Cases developed

Performance Plans developed

ASA submitted

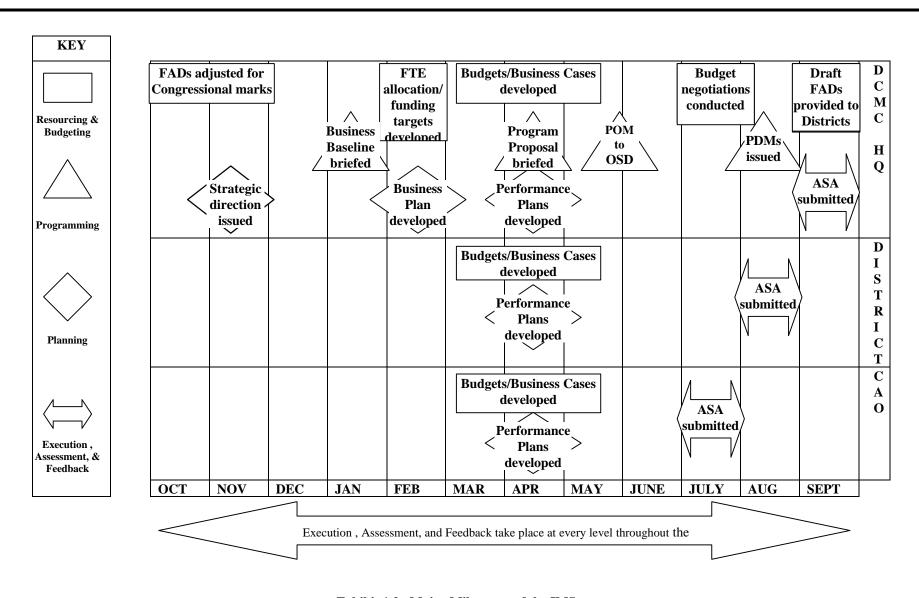Execution, Assessment, and Feedback take place at every level throughout the

Exhibit 1.2   Major Milestones of the IMS

ROLES IN THE IMS

Every DCMC employee, including yourself, plays a role in the IMS. Whether working on planning and budgeting functions or directly supporting DCMC's customers, the work you do everyday ultimately supports DCMC's contract management mission. And, the time you put into the Performance Labor Accounting System (PLAS) ultimately impacts the funding received by DCMC. The plans and budgets your commanders, team leaders, and supervisors develop roll up to form overall DCMC requirements.

Key Players

Several DCMC organizational entities and specialized groups play key roles in the IMS. In particular, three main groups are involved in managing the IMS processes:

- The Resource Utilization Council (RUC),

- The Business Process Team (BPT), and

- The Executive Council (EC).

The roles and members of each of these groups are outlined in the table on the following page (Exhibit 1.3).

Resourcing Decisions

Resourcing decisions based on changes in workload and customer requirements and new initiatives are all processed through the BPT and RUC. These groups play a crucial role in the DCMC IMS. The IMS provides the maximum flexibility to the Command to incorporate innovative business process improvements, adapt to changing internal and external customer requirements, and flourish in the rapidly changing regulatory climate of DoD Acquisition. Most importantly, the process allows DCMC to anticipate, as well as quickly and effectively react to, the many fiscal and policy changes inherent in the DoD resourcing cycle. The key aspects of the DoD resourcing cycle are outlined in the previous discussion of the DoD PPBS.

Summary of IMS Processes

Again, the IMS is comprised of five distinct, but interrelated, processes-- Planning, Programming, Resourcing and Budgeting, Execution, and Assessment and Feedback. As the primary tool for managing DCMC's business, the IMS links and integrates these processes so that they feed and support one another. In the sections that follow, a brief overview is provided for each of these processes. You can find more detailed descriptions in the other modules of this guidebook.

Player	Roles	Members
Resource Utilization Council (RUC)	• Reviews and recommends the DCMC Business Plan • Reviews and recommends policies on POM preparation and presentation • Directs budget formulation, development, and execution • Develops near- and long-term workload and resource forecasts • Monitors Command-wide performance and adjusts resources accordingly • Analyzes results of various resourcing tools, such as the RUC Estimator Model, Performance Based Assessment Model, and Contract Administration Office (CAO) Business Cases, and sets baseline levels for CAO resources	• Executive Director, Operational Assessment and Programming (Chair) • DCMC Deputy • Executive Director, Contract Management Policy • Executive Director, Program Integration • District Commanders • Chief, Business Office • Director, Procurement Corporate Information Management • Representative from Office of the Defense Logistics Agency (DLA) Comptroller • Representative of the DLA Council of American Federation of Government Employees (AFGE) Locals
Business Process Team (BPT)	• Maps out the IMS processes • Develops the IMS implementation plans • Reviews CAO Business Cases • Proposes baselines for District staffing • Monitors and assesses Command-wide performance • Provides detailed analysis and resource allocation recommendations to the RUC • Reviews and compiles field input for presentation to the RUC	• Chief, Business Office (Chair) • Chief, Planning and Programming Team • Chief, Business Management and Analysis Team • Deputy, Contract Management Policy • Representative of Procurement Corporate Information Management • Directors, District Planning and Resource Management • Directors, District Operations Support • Directors, District Administration and Information Management • Representatives from Office of the DLA Comptroller
Executive Council (EC)	• Provides strategic guidance and direction (mission, vision, goals, and objectives) • Approves the DCMC Business Plan • Advises the DCMC Commander regarding the Annual Statement of Assurance (ASA) and the Report of Material Weaknesses	• DCMC Commander • DCMC Deputy • Headquarters Executive Directors • District Commanders

Exhibit 1.3 Roles and Members of the RUC, BPT, and EC

PLANNING

Overview of Process   The DCMC Planning process is an ongoing process that involves both long- and short-range planning and occurs at all levels within the Command. At DCMC Headquarters, the process is facilitated with the assistance of the DCMC Planning Team, a sub-team of the BPT. DCMC's primary planning documents include the Long-Range Plan, the Business Plan, and the Performance Plan.

The Planning Hierarchy   Exhibit 1.4 depicts the hierarchy of the Planning process from the Agency (DLA) level to the DCMC Districts and CAOs.
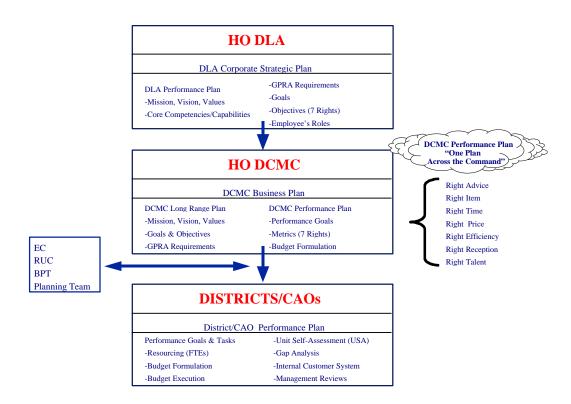

Exhibit 1.4 The Planning Hierarchy

Roles and Members of the Planning Team

The roles and members of the Planning Team are depicted in the following table (Exhibit 1.5).

Player	Roles	Members
Planning Team	• Facilitates the development of the DCMC Long-Range Plan and the DCMC Business Plan • Consolidates and coordinates the contents of the plans and prepares the draft plans • Ensures that the plans link to higher level planning documents • Develops the standard process used by the Districts for Performance Plan development, deployment, and execution; District team members implement the standard process by developing the unique District action plans required to achieve the Command goals • Facilitates the translation of the Performance Plan to the CAOs	Representatives from the following organizations: • Planning and Programming Team (Chair) • Business Office • Contract Management Policy • Performance Assessment • Procurement Corporate Information Management • PLAS Program Management Center • District Resource Management Group • District Plans and Programs Group • District Operations Support • CAO representative from each District • Office of the DLA Comptroller

Exhibit 1.5 Roles and Members of the Planning Team

DCMC Long-Range Plan

The DCMC Long-Range Plan (three- to five-year plan) is the product of an iterative strategic planning process. The EC formulates the Long-Range Plan. This plan communicates DCMC's mission, vision, goals, and objectives. Once approved by the DCMC Commander, the Plan is published and provides the basis for both the DCMC Business Plan and the POM.

DCMC Business Plan   The DCMC Business Plan--the Command's planning and budgeting document-- is prepared by the Planning Team and approved by the EC. Inputs to the Business Plan come from the separate Headquarters staff elements, as supplemented by feedback from the field organizations. The Business Plan consists of the following parts:

- An Introduction (Foreword),

- The Long-Range Plan,

- The Performance Plan, and

- Budget Formulation Guidance.

The Business Plan is deployed Command-wide in March at DCMC's annual Planning and Budgeting Workshop. The Headquarters staff offices and field organizations (Districts and CAOs) use the Business Plan as the basis for formulating their budget requirements and for developing their Performance Plans.

DCMC Performance Plan   The Performance Plan (one-year plan) is the heart of the Business Plan in that it identifies the Command's annual plan for achieving DCMC's goals and objectives. The Performance Plan contains key outcome-related measures that are used to monitor performance Command-wide. The Seven "Rights" (see below) are DCMC's top level metrics.

Top Level Metrics: The Seven "Rights"

- Right Advice: Is It On Point?

- Right Item: Does It Meet Contract Requirements?

- Right Time: Is It Delivered On Time?

- Right Price: Do We Find Cost Savings/Avoidances?

- Right Efficiency: Are We Getting More Affordable?

- Right Reception: Is The Customer Satisfied?

- Right Talent: Are We Prepared?

District/CAO Performance Plans	In keeping with the "One Command, One Focus" philosophy, DCMC has only one Performance Plan that is consistent across the Command. DCMC Headquarters and field organizations develop their individual Performance Plans by supplementing the DCMC Performance Plan at the prescribed level. Districts and CAOs incorporate organization-specific activities, initiatives, performance metrics, and customer-driven requirements that the organization uses locally to manage its operations but which impact the Command-level goals and objectives. At a minimum, Districts and CAOs add areas for improvement identified in their Unit Self-Assessment (USA) gap analysis and the Internal Customer System (ICS).
Updating the DCMC Performance Plan	DCMC's annual Performance Plan is a "living" document that must be continually updated to keep pace with changes that occur in the Command's internal and external environments. An official updated Performance Plan is published as necessary (at least quarterly). The updated Plans are posted to the DCMC Home Page on the World Wide Web.
Assessing Organizational Performance	Our progress in achieving the performance and investment goals (FY 99 Plan) or tasks (FY 98 Plan) in the DCMC Performance Plan is monitored on a quarterly basis at the Mission Management Reviews (MMRs). Similar reviews are conducted at each organizational level to assess the state of the Command as measured against the performance targets contained in the current DCMC Performance Plan.
	For more details on the Planning process, refer to Module 2 – Planning.

PROGRAMMING

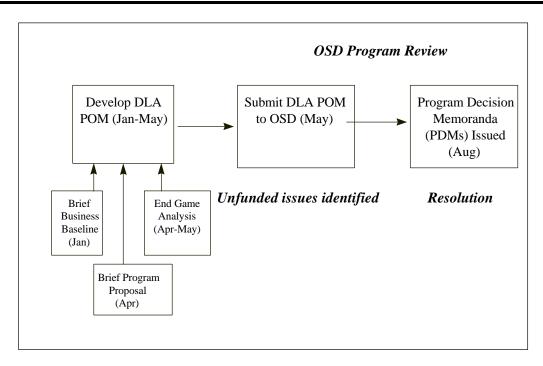| **Overview of Process**	Programming is the process during which DCMC converts its Long-Range Plan into long-term resource requirements (Exhibit 1.6). The POM, the cornerstone of the Programming process, addresses policies and guidance issued during the Planning process and translates that guidance into dollars and staffing for the next five to seven years.
	The Programming process is wholly managed at the DCMC Headquarters level but is premised on the consolidation of the Performance Plans and budgets of all DCMC organizational elements. The process begins with the development of the DLA POM, from approximately January to May. DCMC (and other key DLA organizations) plays a primary role in developing the DLA POM. In DCMC, both the BPT and the RUC are involved in the POM's development.

OSD Program Review

| Develop DLA POM (Jan-May) | → | Submit DLA POM to OSD (May) | → | Program Decision Memoranda (PDMs) Issued (Aug) |

Brief Business Baseline (Jan)

End Game Analysis (Apr-May)

Brief Program Proposal (Apr)

Unfunded issues identified   *Resolution*

Exhibit 1.6 DCMC Programming Process

Major Decision Briefings

The Programming process consists of two major decision briefings to the DLA Director:

- The Business Baseline (January) and

- The Program Proposal (April).

Business Baseline Briefing

The Business Baseline is the formal presentation of the DCMC Business Plan to the DLA Director. It is a structured business case analysis that forecasts workloads and customer requirements and includes details of resource allocation. It analyzes trends in the environment that impact the Command, introduces new initiatives to improve business processes, and sets performance targets. It also establishes resources and budgets for the next five years.

Program Proposal Briefing

The second major briefing, the Program Proposal, details the costs and benefits of the final Business Plan. It also identifies any unfunded requirements to include their impact on mission accomplishment and any alternatives.

End Game Analysis

During the end game analysis, which occurs in the late April/early May time frame, tradeoffs are made within DLA based on the overall Agency priorities. At this time, resources are realigned as needed to cover those unfunded requirements identified as priority areas.

DLA Submission   In May, DLA's proposals are analyzed by the Agency's senior executives who decide what will be submitted to the Office of the Secretary of Defense (OSD) for consideration. The final POM submittal includes detailed staffing requirements, program level funding data, and point papers for any requirements that cannot be funded within the guidance. DLA's POM is submitted to OSD in May of each year.

OSD Reviews   After the POMs from all DoD components are received, OSD conducts program reviews to evaluate, approve, or change the POMs. Any issues submitted by DoD organizations are analyzed and approved or disapproved through this process. After the program reviews are complete (usually in August), Program Decision Memoranda (PDMs) are issued. PDMs contain decisions made by OSD relative to DoD programs. Ultimately, they provide the DCMC resource levels that are allocated to Districts and CAOs.

RESOURCING AND BUDGETING:

RESOURCING

Overview of Process   Resourcing is DCMC's process for allocating Full-Time Equivalents (FTEs) and non-labor funding throughout the Command. The Resourcing process was developed to ensure that available resources are divided equitably based upon workload.

What is an FTE?   Along with DCMC's funding allocation, we receive FTE ceilings each fiscal year. These are passed down to CAOs through the Districts in the DCMC Business Plan.   The number is determined by dividing the number of paid hours (less overtime hours and paid holidays worked) or your PLAS hours, by the number of available hours. For example, if you started working for your CAO on April 1st and never charged to leave without pay, you earned .5 FTEs during the fiscal year. Even if you were paid for 160 hours of overtime, this would not increase that number. In fact, DoD does not compensate us for overtime hours worked. These must be covered from within other funding categories such as travel, training, and supplies.

How Does a CAO Get FTEs?

Sometime during January, the BPT begins the FTE allocation process by asking the CAOs, through the Districts, to update/validate the workload and personnel data in the RUC Estimator Model. The RUC Estimator Model is actually two models, one for Geographic Field Offices and the other for Plant Field Offices. The data used to populate the models are:

a. Geographic Offices:

  -Number of Part A + 30% of Part B contractors (must have an Unliquidated Obligation (ULO) greater than zero, inspection at origin and production must not be complete)

  -Unique employee counts (for example, plant clearance, Senior Functional Advisors (SFAs), National Aeronautics and Space Administration (NASA), etc.)

  -Facilities like the Defense Plant Representative Office (DPRO) (ULO>$60m, contractor employees >500, and staffed with a multi-functional team)

b. Plant Offices:

  -Number of contractor employees working on government contracts

  -Flight Operations

  -Reimbursable hours

Once this step is completed, the model computes an initial staffing target for each CAO. The estimates are provided to the BPT for further analysis of the recommended target. The team considers your PLAS data, metrics/performance data, recent Internal Operations Assessment (IOA) and Resource Review results, Performance Based Assessment data, and the actual types of people on board within each CAO. The BPT attempts to review as much information as possible prior to determining how CAOs should be staffed. Members must think "corporately" to develop recommendations that can be applied equally to all CAOs. This helps ensure that allocations are fair and consistent with Command priorities.

After the initial staffing target is determined, the BPT projects CAO allocations for the POM years. This is based on known workload changes and the glideslope that has been dictated during the Programming process. This is provided with the Business Plan for your planning purposes.

Once the BPT has developed CAO staffing targets, they are provided to the RUC for approval before being forwarded to the DCMC Commander. All available FTEs are allocated. Approved allocations are included in the Business Plan budget guidance each year.

Changes in Workload   The BPT attempts to develop CAO FTE allocations that consider all workload and performance factors affecting staffing. However, if at any time a CAO experiences a change in workload, a careful analysis should be performed to ensure that the new work cannot be accommodated internally by reprioritizing projects, redirecting current personnel to perform the new workload, overtime, etc. If the new requirement is in a non-labor category such as travel, a similar analysis should be performed. If no other "tradeoffs" are available within the CAO, a Business Case is generated and submitted to the District Headquarters.

The District staff then performs a comparable analysis of workload and performance priorities to determine "tradeoffs" that may be available within <u>any of their other CAOs</u>. This process is important since all FTEs are allocated and any realignments must come from either District Headquarters or other CAOs with lower level priorities and/or workloads.

DCMC Policy Memorandum 97-57 provides a standard format that shall be used for Business Cases. The standard Business Case format provides for the collection of information that is necessary for the BPT, RUC, and DCMC Commander to make an informed decision regarding the shifting of FTEs or non-labor funding. The Business Case includes areas for analysis of such items as PLAS data, metrics, impacts if resources are not allocated, results of the Performance Based Assessment Model (PBAM), Single Process Initiative, etc.

BUDGET FORMULATION

Overview of Process   Budget Formulation is the process for requesting and receiving permission to spend government funds.

Formulating the DCMC Budget   The DCMC budget request submitted to OSD contains a description of the contract management services the Agency provides, along with high-level workload and performance goals. In accordance with GPRA, we must be able to demonstrate what we will achieve, in terms of objectives, workload, and performance, for the funding we receive. Our Performance Plan is a more detailed description of our strategy for achieving our goals. This is comparable to what contractors must demonstrate before they receive funding for the items they produce.

Strategies and Plans   Strategies and plans are necessary as we formulate the budget to help ensure that our priorities are funded. For example, if you didn't know that one of our performance goals was to reduce infrastructure costs, you wouldn't know that there may be some savings in this area that can be applied to higher funding priorities such as increasing on-time delivery or reporting excess property. The strategies are extremely important to consider as we continue to receive less funding each year. Understanding the Command's strategy and plans will help us to achieve our performance goals by aligning resources to the higher priority goals, and then focusing on these funded priorities.

Budget Formats   The DCMC Business Plan uses five different District and CAO budget formats to estimate resource allocation requirements. The documents are due, along with the Performance Plan, by the end of May.

- The Performance Contract depicts your performance targets (metrics) for the FTE resources to be received

- The FTE Execution Plan projects how a District and CAO will achieve FTE targets through gains, normal attrition, and retirements

- The Reimbursable Earnings Plan defines how much funding we expect the Districts to receive from our reimbursable customers (NASA, Foreign Military Sales (FMS), Federal Contract Administration Services (FEDCAS), etc.)

- The Object Class Summary Budget depicts all operating expenses by the accounting codes (awards, travel, training, supplies, etc.).

- The Training Requirements Worksheet consolidates training requirements by course title, number of students, and the mission essential and position required categories.

BUDGET EXECUTION

Overview of Process   Budget Execution is the process that involves accounting for and controlling spending.

Allocations   After analysis by DCMC Headquarters and the DLA Comptroller staff, budget negotiations are conducted with each District during July/August and are based upon the individual CAO Performance Plans. Interim annual funding allocations are developed based upon these negotiations.

Since official budgets are often delayed from Congress and/or OSD, Districts are expected to begin developing execution plans based upon the interim allocations. They do this by issuing interim CAO allocations no later than October 1st of each year, and then requesting CAOs to develop Execution Plans and begin executing to the interim allocation. This is especially important because it helps ensure that plans, funding, and performance goals can be achieved. Without an interim plan, we risk not being able to deliver services to the customer, either underexecuting or overexecuting the allocation and potential budget reductions. The execution plans are revised as necessary upon receipt of the final funding allocations.

Although management of the funding received is usually controlled by the Funds Control Officials, each employee may become involved in the Execution process. As a Command, it is imperative that each District and CAO is cognizant of the resourcing issues faced by the corporation during the Execution process. It is absolutely critical to deliver the services, not exceed funding allocations, and finally, to return any excess funds.

Surplus Funding

If any organization within the Command has surplus funds remaining at the end of the fiscal year, it does not mean a profit was earned. It means that resources in the form of supplies, equipment, and even employees, that could have been provided were not, and/or funds required by another DCMC organization were not made available. For example, if mandatory training was denied to employees for lack of funds, but in fact funding was left over at the end of the year, this would indicate that funds had not been properly allocated and/or managed earlier in the year.

Rules and Regulations

Strict funding controls are necessary to prohibit any organization from exceeding an authorized allocation. You must have the approval of the appropriate "Funds Control Official" in order to commit government funds for any purpose. Without approval, you could cause DCMC, the District, and/or the CAO to exceed the allocation and violate the law that specifically prohibits overexpenditures.

A government budget can be compared with a personal joint checking account. If one person writes a check without ensuring that funds are available and/or notifying the person responsible for balancing the checkbook, an overdraft can easily occur. Overdrafts are expensive to correct.

> Each employee must be aware of the following general rules and regulations applicable to the obligation of government funds:
>
> - All obligations of government funds require approval of the requirement and verification of fund availability prior to obligation;
>
> - There is a general process for obtaining each approval and verification within each organization; and
>
> Employees can be held ***personally liable*** for obligating the government without such authority. For example, if an employee works over the weekend to complete a project and feels he/she must use the services of a commercial printing company but cannot obtain the approval of the appropriate funds control official, he/she may be held personally responsible for the printing costs.

Violations and Penalties   Section 31 of the United States Code (USC) specifies limitations in the use of several types of appropriated funds. Violation of that code is subject to various levels of disciplinary action. Most frequently cited sections of the code are as follows:

- **Overexpenditure** (Violation of 31 USC 1341): Aggregate expenditures may not exceed quarterly or annual authorization limits.

- **Unauthorized Purpose** (Violation of 31 USC 1301): Budgeted funds may be utilized only for the purpose for which they are appropriated. For example, Operations and Maintenance (O&M) funding cannot be used to purchase capital equipment (for example, Automated Data Processing (ADP) systems).

- **Exceeding Period of Availability** (Violation of 31 USC 1502): Appropriated funds may not be used after expiration. For example, O&M funds expire on September 30th of the fiscal year for which they are designated.

- **Subdivision Exceeds Total Authorized** (Violation of 31 USC 1517): Funds may not be subdivided such that the cumulative suballocations exceed the original budget authority. For example, the sum of all CAO allocations cannot exceed the District's authorized allocation.

Why a Resourcing and Budgeting Process?   A budget is simply a plan of action. It quantifies management's plan regarding receipt of funds, costs, workload, and performance levels.

The budget process is necessary to:

- Request and receive permission to spend government funds,

- Control spending to an authorized amount,

- Establish accountability for spending, and

- As a way to compare work accomplished to resources used.

The Resourcing process was developed to ensure that available resources are divided equitably among field organizations based upon workload. The Resourcing process is a dynamic one; as the needs of DCMC's customers change, so does the need to adjust the allocation of resources to accomplish mission requirements.

Link to Unit Cost	During FY 99, DCMC will implement Unit Cost management. The aim of Unit Cost is to relate total cost to the work or output produced. This requires us to alter the way we think and work, and change the way we manage. DCMC has pledged to provide increasing quality at decreasing cost--achieving better value for each Defense dollar spent. The unit cost methodology will help us achieve this result by identifying and reporting all costs as they relate to outputs.

It is our goal to establish the most effective, accurate Unit Cost system possible. You can help us achieve this goal by ensuring complete and accurate reporting of PLAS, metrics, and other performance and cost data. Further information regarding Unit Cost management is included in the Unit Cost Implementation Plan.

For more details on Resourcing and Budgeting, refer to Module 3 – Resourcing and Budgeting.

EXECUTION

Overview of Process	Execution is the ongoing activity involved in implementing the products of the various IMS processes, that is, the Performance Plan, the budget, and the assessment tools.
Forms of Execution	The execution of the IMS takes on many forms. Contract management professionals, such as yourself, carry out the various contract management processes directed by the Federal Acquisition regulations, by the DCMC *One Book*, and by our customers. The amount of time spent on a particular process is recorded in PLAS and workload activity is derived from various logs and automated systems, such as: the Automated Metrics System (AMS), the Defense Contract Administration Reimbursable Reporting System (DCARRS), the Mechanization of Contract Administration Services (MOCAS), the Defense Business Management System (DBMS), etc. Performance levels are derived using the guidance provided in the DCMC Metrics Guidebook.
Support Processes	You are also directly or indirectly involved in processes that support the efforts of our contract management personnel. These support processes are critical to the successful accomplishment of the DCMC mission. Examples of support processes include: budget and FTE management, performance planning, supervisory functions, management control reviews, unit self-assessments, computer support, administrative support, time and attendance reporting, and others. The time spent on these critical functions is also recorded in PLAS.

Daily Activities Link to Execution

The execution of the processes in the IMS occurs every day. All of our daily work activities can be linked to the annual Performance Plan, and ultimately to the DCMC Long-Range Plan (mission, vision, goals, and objectives). Each PLAS code, which represents a contract management or support process, is aligned with a goal or objective in the Performance Plan. In the FY 99 Plan, the performance and investment goals are linked to the seven objectives that correspond with the three goals. Much of our effort is for the purpose of maintaining the quality and quantity of our existing processes. However, where explicit direction for performance improvement is documented in the Performance Plan, additional effort is expended to bring about the improvement sought.

In executing the Resourcing and Budgeting process, DCMC organizations use planning and budget guidance to formulate, allocate, and adjust labor and non-labor resources in the conduct of the Command's mission. Employees execute (for example, training, travel, supplies, etc.) against the allocations; budget monitors plan, track, and reconcile the monthly obligation of funds; and commanders and Headquarters senior managers are responsible for implementing funds control to ensure that obligations do not exceed budget authority.

Feedback

Execution activities are adjusted based on the feedback from various assessment processes, such as management control and compliance reviews of internal processes, unit self-assessment of the management system, internal operations assessments, performance metrics, customer satisfaction information, financial data, and other review and feedback tools.

ASSESSMENT AND FEEDBACK

Overview of Process

Management control, evaluation, assessment, and feedback are ongoing parts of the DCMC IMS. Sources both internal and external to DCMC, and at all levels of the organization (CAO, District, and Headquarters) play an important role in the Assessment and Feedback process.

The purpose of the Assessment and Feedback process is to:

- Monitor the health of operations,

- Point out where process improvements are needed,

- Evaluate the adequacy of business practices and management controls,

- Take corrective actions as required, and

- Facilitate management decisions.

The process also identifies site-specific best practices that may benefit other components of the organization involved in similar work.

Assessment Tools

DCMC management uses many feedback inputs to analyze resources and mission performance. They include:

- Annual Unit Self-Assessment (USA) at every CAO, District, and DCMC Headquarters;

- Management Review at every CAO, District, and DCMC Headquarters;

- Internal Operations Assessment (IOA), conducted on a three-year cycle by the DCMC Assessment Center;

- Annual Performance Report;

- Mid-Year Budget Review;

- Management Control Review (MCR);

- Annual Statement of Assurance (ASA);

- Internal Customer System (ICS);

- Performance Based Assessment (PBA); and

- Other feedback instruments, including customer feedback and the results of external assessments. (for example, Inspector General (IG), General Accounting Office (GAO), etc.)

Feedback for Decision Making

Each of these tools provides senior leaders at every level with data to make decisions on the effective use of resources to meet internal and external customer needs in DCMC services. The decisions made as a result of the Assessment and Feedback process must be used to update the Performance Plan, budgeting, associated resources, and required reports and disclosures. Some of these tools are described in the following paragraphs.

Unit Self-Assessment (USA)

Every DCMC organization is required to perform a USA each year. The USA is based on the DLA Criteria for Performance Excellence. The criteria are intended to facilitate quality management practices designed to produce world class results. The purpose of a self-assessment is to evaluate the approach,

Inputs used in performing self-assessments may include customer and employee satisfaction surveys, personnel interviews, management reviews, process reviews, and supplier questionnaires. The output of a self-assessment is a feedback report that identifies an organization's strengths and areas for improvement. USA results include identification of gaps (opportunities for improvement) which should be addressed in future organization Performance Plans.

Management Reviews

The DCMC Management Review process consists of three types of reviews that are conducted on a quarterly cycle. The Mission Management Reviews (MMRs) begin at the CAO level with each CAO reviewing and reporting performance information (metrics). MMRs are held at each organizational level to discuss Command-wide mission performance and performance improvement. At the Headquarters MMR, the Headquarters staff and the District Commanders act in concert to present the DCMC Commander with a comprehensive and accurate picture of the state of the Command as measured against the performance targets in the current DCMC Performance Plan.

Financial performance measures, unit cost data, and resource management status are reviewed at quarterly Financial Management Reviews (FMRs). In addition, Special Management Reviews (SMRs) focus on special interest topics and the status of the Headquarters implementation plans (plans that support the DCMC Performance Plan). Management reviews are considered an important part of the Assessment and Feedback process.

Internal Operations Assessment (IOA)

IOAs are performed at least once every three years at each DCMC organization. The IOA provides an independent assessment of the overall health of the organization's internal operation using the DLA Criteria for Performance Excellence and the DCMC Process Manual (*One Book*). The Criteria and the *One Book* form the basis for making assessments and for giving feedback to organizations.

At the completion of the IOA review, a report is issued to the Commander of the organization under review. The report highlights strengths and weaknesses in the management systems and process performance. CAOs demonstrating practices of superior performance ("best practices") are noted and action is initiated to export those processes throughout DCMC. The Assessment Reporter, published every six months, summarizes IOA results as a means of sharing with the Command common areas for improvement and best practices found by IOAs throughout DCMC.

Annual Performance Report

GPRA requires agencies to prepare an annual Performance Report. The information for this report is consolidated by the Districts and sent to DCMC Headquarters. The report addresses variances between planned and actual mission performance, performance improvement, and resource management. The law specifically requires that the annual performance report shall review the success of achieving the performance goals of the fiscal year and explain and describe where a performance goal has not been met, why the goal was not met and those plans and schedules for achieving the established performance goal. If a performance goal is impractical or unfeasible, an explanation must be provided as to why and what action is recommended/being taken.

Mid-Year Budget Review

A financial/performance review of actual costs incurred versus planned expenditures is performed after six months of the fiscal year have elapsed. The review may result in reprogramming of surplus funding to cover shortfalls or to ensure that Performance Plan goals and/or tasks are achieved. Recommendations are developed by the BPT and presented to the RUC, which can endorse them or make other recommendations to the DCMC Commander for final approval.

Management Control Review (MCR)

Managers and supervisors are required to review management controls for the purpose of assessing their adequacy, identifying needed improvements, taking corresponding corrective action, and reporting annually on management control effectiveness. MCRs are formal, independent CAO-level reviews of process performance and policy compliance. MCRs may identify two types of problems: (1) problems with *One Book* processes or other requirements which should be referred to Headquarters DCMC for resolution, and (2) problems with the execution of a *One Book* process or other requirements which should be resolved locally.

Annual Statement of Assurance (ASA)	The Federal Managers' Financial Integrity Act of 1982 requires agency heads to report annually to Congress and the President on the results of the review of management controls and the status of corrective action on material weaknesses. Within DCMC, the ASA and Report of Material Weaknesses report the results of MCRs, USAs, and other assessment and feedback mechanisms. Each District and CAO Commander and each Director of a Headquarters staff element submits an ASA and associated disclosures. The ASA and the associated Report of Material Weaknesses are forwarded through the reporting chain to the DCMC Commander who provides an overall DCMC ASA to the DLA Director. The ASA ties together the results of all forms of assessment as "sources of information." The Commander makes the certification based on all information available pertaining to mission performance, resource utilization and protection, and professional conduct.
Internal Customer System (ICS)	Through the ICS, DCMC leadership has established a listening post for determining, with confidence, elements within the work environment that must be improved to enable greater levels of productivity and performance at the individual, team, and organizational levels. In 1997, every employee in the Command was offered the opportunity to complete a questionnaire investigating employees' observations, insights, and perceptions about the work environment. Once the data was compiled, each CAO, District, and the Headquarters were provided with a report of their unique results.
	Additionally, the data was "rolled up" to the District level and "rolled up" to the Command level for analysis of systemic issues. The questionnaire was based on a model that contained measurements for work areas, systems, and behaviors in the organization in order to focus improvement resources to drive higher performance. Areas identified for improvement, along with the strategy for improving performance, are incorporated, resourced, and tracked in each organization's Performance Plan.
Performance Based Assessment (PBA)	The main purpose of the PBA is to determine the level of resources required to support Contract Administration Services (CAS). The level of resources is based on the contractor's ability to perform the contract, within cost and schedule. The PBA is also used to assess the level of risk of various contractor systems that may impact the ability to successfully satisfy our customers' contractual requirements.

The Performance Based Assessment Model (PBAM) was developed by a consortium of DCMC, DoD, and industry representatives, and is conducted annually. Every three years a full assessment is conducted to include site and desk reviews. At the CAO level, the results of the assessment are used as a major source of information in the development of Process Oriented Contract Administration Services (PROCAS) and other surveillance plans, and for scheduling MCRs. The results are also used in the management of CAO resources as well as in the Planning and Budgeting processes at all levels.

Ongoing Assessment and Feedback

Assessment and feedback are ongoing parts of the DCMC IMS. Sources both internal and external to DCMC, and all levels of the organization--CAO, District and Headquarters--play an important role in the Assessment and Feedback process. Assessment and feedback culminate each year in two Congressionally mandated reports--the annual Performance Report and the ASA.

For more information on this process, refer to Module 4 – Assessment and Feedback.

SUMMARY

The IMS eliminates a lot of false starts and keeps everyone in the organization focused on the Command's vision and goals. It mobilizes everyone to work toward the vision so that the results do not fall short of the goals. Again, the processes contained in the IMS are not new; they represent activities already being carried out both at Headquarters and in the field. The challenge is to clearly understand the links between the processes and to ensure that these links are made at all DCMC organizations. Successful implementation of the IMS throughout DCMC provides a framework for making better business decisions today, including tradeoffs of scarce resources, and for prioritizing mission requirements for the future.

For a detailed review of the individual IMS components and the District and CAO processes, refer to the following training modules.

Module	Title
2	Planning
3	Resourcing and Budgeting
4	Assessment and Feedback